

Bond Fund. BNY charges ERS 18 basis points. These funds are used to generate revenue on excess cash.

Marquette recommends putting funds only in the STIF account. The ERS target is to have 1% in cash. Marquette indicates that this is not a good practice. ERS should take every dollar as inkind, and reinvest in the STIF account. BNY would then get 15 basis points on the STIF. Finally, Marquette recommends that a new account be set up and that it is monitored and reported to the Board.

4. Topic: Marquette: Cash Overlay Manager

Marquette is working on the Overlay Services contract with Steve Huff, for the next Board Meeting. It is the intent to include the change to a 2.5% per week investment rate. The Investment Policy Revision is currently being worked on, with a new version to Steve Huff this week. It is the intent to take it to the Board as an Investment Committee recommendation.

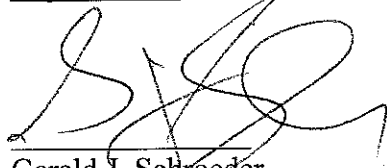
Marquette recommends that ERS move out of Security Lending on Index Funds and for BNY to get some quotes. ERS should cap Custodial Lending. We currently have a \$40 million portfolio account with BNY.

Marquette recommends that ERS use transition managers to handle some of its trades. Marquette recommends the practice of having several such managers under contract and rotating the work between them. This allows ERS to obtain the lowest cost for this service and avoids any conflicts of interest or front-running concerns. The Investment Committee agreed with Marquette's recommendation to issue an RFP for Transition Managers and come back with a recommendation for a stable of top candidates. The criteria will include sound documentation, capability and price.

5. Topic: ERS Fiscal Officer Review: Overlay Services

The ERS Fiscal Officer shared his views on overlay services. It is positive that cash is available at the end of each month. If ERS had been involved with overlay services in 2008, we would have lost 25%. However, this was a unique year. This year should produce much better results. Going with a 2.5% per week investment rate will secure our funds much better. Currently, our cash is in a Wells Fargo Repurchasing Sweep. Marquette recommends that a more secure approach to investment would be to use a STIF account.

6. Adjournment: The Investment Committee adjourned at 4:40 pm.



Gerald J. Schroeder
ERS Manager